

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECTS OF THE FEDERAL TAX)	
REFORM ACT OF 1986 ON THE RATES)	CASE NO. 9779
OF KENTUCKY POWER COMPANY)	

ORDER ON REHEARING

On July 21, 1987, the Commission issued its Order in this proceeding granting the Petition for Rehearing of Kentucky Power Company ("Kentucky Power"). The rehearing granted Kentucky Power pertained to the method of treating customer advances and contributions in aid of construction.

On August 12, 1987, the Commission, on its own Motion, initiated Administrative Case No. 313¹ to further explore the effects of the Tax Reform Act of 1986 on these items and the manner in which the effects should be handled.

Since the rehearing granted Kentucky Power in this proceeding and Administrative Case No. 313 would address the same issues, the Commission, in its Order dated July 21, 1987, incorporated this proceeding into Administrative Case No. 313. Kentucky Power did participate and file comments in Administrative Case No. 313.

On April 15, 1988, the Commission issued its final Order in Administrative Case No. 313.

¹ The Effects of the Tax Reform Act of 1986 on Contributions in Aid of Construction and Customer Advances.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

(1) The issues pertaining to contributions in aid of construction and customer advances have been addressed in the Commission's Order in Administrative Case No. 313 dated April 15, 1988.

(2) Kentucky Power should account for contributions in aid of construction and customer advances in the manner as set out in the final Order in Administrative Case No. 313.

(3) Kentucky Power should follow any and all other pertinent procedures as set out in the final Order in Administrative Case No. 313.

IT IS THEREFORE ORDERED that:

(1) Kentucky Power shall account for contributions in aid of construction and customer advances in the manner as set out in the final Order in Administrative Case No. 313.

(2) Kentucky Power shall follow any and all other pertinent procedures as set out in the final Order in Administrative Case No. 313.

(3) All other provisions of the Commission's Order dated June 11, 1987, are affirmed.

Done at Frankfort, Kentucky, this 15th day of April, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmigh
Chairman

Robert M. Davis
Vice Chairman

James N. Williams, Jr.
Commissioner

ATTEST:

Executive Director